

Message Text

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ACTION EB-11

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C O N F I D E N T I A L THE HAGUE 1091

PARIS FOR USREP, COCOM

E.O. 11652: GDS

TAGS: ESTC, NL

SUBJ: NETHERLANDS VIEWS ON WESTERN TRADE WITH EASTERN
EUROPE IN CERTAIN COMMODITIES

1. HEAD OF MINECON OFFICE OF STRATEGIC TRADE CONTROL, NIEUWLAND, RECENTLY TOLD EMBOFF THAT NETH INTENDS TO RAISE AT FUTURE COCOM SESSION THE QUESTION OF THE APPARENT CONTRADICTION IN CONTINUING TO MAINTAIN RIGID INTERNATIONAL CONTROLS ON EXPORTS OF CERTAIN COMMODITIES WHILE THE EXPORT OF MACHINERY FOR THEIR PRODUCTION IS BEING APPROVED WITH INCREASING REGULARITY. AS SPECIFIC EXAMPLE, NIEUWLAND MENTIONED LIBERALIZATION IN TRADE EVIDENCED BY INCREASING NUMBER OF COCOM APPROVALS FOR EXPORT OF MACHINERY FOR PRODUCTION OF TRANSISTORS AND DIODES, WHILE EXPORTS OF TRANSISTORS AND DIODES THEMSELVES STILL REQUIRE COCOM APPROVAL. NIEUWLAND STATED THAT MINECON VIEW IS THAT IF THERE IS TO BE LIBERALIZATION, IT OUGHT TO START WITH FINISHED PRODUCTS RATHER THAN WITH MEANS OF THEIR PRODUCTION.

2. NIEUWLAND EXPRESSED PERSONAL VIEW THAT IN SOME CASES EASTERN EUROPEAN IMPORTERS OF THIS TYPE MACHINERY MIGHT FIND WAYS OF
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PRODUCING "UNAUTHORIZED" ITEMS BY ADAPTING MACHINERY OR MIS-
REPRESENTING INTENDED END-USE. MOREOVER, BY IMPORTING PRODUCTION

MACHINERY, EASTERN EUROPEANS CAN PRODUCE QUANTITIES OF THESE COMMODITIES WHICH THEY WOULD OTHERWISE HAVE TO IMPORT FROM THE WEST, RESULTING IN LOSS OF EXPORT OPPORTUNITIES TO WESTERN PRODUCERS WHICH MORE THAN OFFSET EXPORTS OF PRODUCTION EQUIPMENT.

3. COMMENT: MINECON POSITION APPEARS TO STEM NOT ONLY FROM PENCHANT FOR "LOGICAL" TIDY APPROACH TO LIBERALIZATION OF TRADE IN CERTAIN STRATEGIC COMMODITIES, BUT APPARENTLY ALSO FROM CALCULATION OF POSSIBLE ADDITIONAL BENEFITS NETH ELECTRONICS INDUSTRY COULD REAP IN SUPPLYING FINISHED PRODUCTS TO EASTERN EUROPEAN MARKET IF EXPORTS OF PRODUCTION EQUIPMENT WERE TO BE CURTAILED.
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